**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY QUESTION NUMBER: 4099**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 04 NOVEMBER 2022**

**INTERNAL QUESTION PAPER NUMBER: 44 - 2022**

# 4099. Ms P Marais (EFF) to ask the Minister of Social Development:

What steps have been taken to intervene in instances where loan sharks take possession of the cards of SA Social Security Agency beneficiaries in exchange for loans?

NW5111E

# REPLY:

The SASSA/SAPO card is owned and managed by the South African Postbank according to the South African Reserve Bank designation. However, the card is given to beneficiaries for the purpose of utilising the money to meet their basic needs.

SASSA has no control over beneficiaries who use their card as collateral to secure loans, nor does SASSA condone this act.

It is worth noting that the practice of exchanging beneficiaries cards for loans is a contravention of Section 20 of the Social Assistance Act 13 of 2004 (the Act) which states *“a grant may not be transferred, ceded, pledged or in any other way encumbered or disposed of unless the Minister on good grounds in writing consents thereto”,* and also read in conjunction with Section 133, Section 90(2) (l) and Section 91(b) of the National Credit Act 34 of 2005.

This matter is regulated by section 35 of the Act, which prohibits credit providers and other persons conducting and marketing credit provider services within areas of

agency offices and pay points. Section 35 of the Act (1) Subject to the provisions of section 10(1) and (2) of the Act states; *a) a person must not market or offer any form of credit , whether or not that person is registered as a credit provider, within any Agency offices or pay-point for the purpose of soliciting or enticing a beneficiary to engage in any form of credit granting, funeral scheme or life insurance scheme; b) the card must not be ceded, pledged or retained to secure a loan, repayment of loan debt or payment of a funeral or insurance premium.*

Therefore, the Agency continuously communicates with social grants beneficiaries through various channels to discourage them from dealing with loan sharks. There are ongoing media awareness campaigns directed at all social grant beneficiaries not to hand over their SASSA cards to anyone.

Through these channels, social grant beneficiaries and members of the public are encouraged to report loan sharks in possession of their social grant cards and/or identity documents to curb these fraudulent acts.

SASSA also conducts awareness sessions among its employees so that they can share the information with grant beneficiaries and the broader public.

In tandem with the above measures to combat the phenomenon of loan sharks preying on social grant beneficiaries and to prevent this type of fraud, corruption and contravention of the Social Assistance Act, SASSA takes concerted steps to coordinate and approach this task, together the South African Post Office and within the ambit of multidisciplinary law enforcement agencies, which includes the National Credit Regulator and the National Prosecuting Authority to appraise them of the gravity of the moneylending activities and request that stiff sentences are meted out by the Courts.

The on-going collaborative effort has culminated in several arrests of suspected loan sharks who were found in possession of SASSA cards. In the current financial year, there were successful projects which led to the arrests and sentencing of loan sharks.

Herein below is a breakdown of the successes achieved to date:

**Table: Breakdown of cases regarding possession of SASSA card(s)**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Description of activities** | **No of arrested loan sharks** | **Date of arrest/ sentencing** |
| 1. | The Hazyview Magistrate’s Court **(Mpumalanga)**sentenced 1 money lender to 12 months imprisonment with an option of a fine | 1 | 28 April 2022 |
| 2. | Masoyi Magistrate’s Court **(Mpumalanga)** sentenced 2 money lenders to 12 months imprisonment with an option of a fine | 2 | 04 May 2022 |
| 3. | Three (3) suspected moneylenders arrested in **KwaZulu-Natal** with 50 SASSA/ SAPO cards, 20 EasyPay cards and R34,000 cash in Umkomaas | 3 | 03 June 2022 |
| 4. | One (1) suspected moneylender arrested in Malmesbury, **Western Cape** for possession of SASSA/ SAPO cards) | 1 | 27 June 2022 |
| 5. | Douglas Magistrate court in **Northern Cape**sentenced 1 moneylender with a fine of R10 000 and five (5) years imprisonment, wholly suspended for 3 years | 1 | 18 July 2022 |
| 6. | 31 suspected moneylenders arrested in Springs, **Gauteng** with 256 SASSA/ SAPO cards and 151 various bank cards.The suspects were found in possession of R100, 000 in cash. | 31 | 04 August 2022 |
| 7. | Five (5) suspected moneylenders arrested in Bronkhorstspruit, **Gauteng** with 1 X SASSA/SAPO card and 6 various bank cards. The suspects werefound in possession of R36,270.00 in cash | 5 | 02 November2022 |